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MEMORANDUM FOR: [REDACTED]

FROM: [REDACTED]

SUBJECT: Contribution to Staff Planning Project No. 26

I. THE POLITICS OF REARMAMENT

A. Limiting Factors - The Governments

The important thing here is that the continental governments act essentially as boards of arbitration between frequently conflicting interest groups and are quite naturally disposed to favor those groups on whose support they rely.

This condition, in many ways characteristic of the parliamentary or representative system, has at least two important defects in relation to the European rearmament effort: it frequently fails to supply the vital element of dynamic or inspiring leadership, and equally, it fails to satisfy the demands of the salaried working classes.

It seems clear that insofar as the nature of the various regimes in NATO remain essentially unchanged - and there is little ground to

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performance: the extent to which these governments can during the next two years inspire greater efforts is sharply circumscribed by the political realities which surround their very existences. They cannot easily enlist the active support of groups which are generally opposed to them and they are reluctant to take measures which might "satisfy" these opposition groups ^(for fear of) without alienating those groups on whose continued support their position largely rests. A greater effort, if it were attempted, would in all probability produce less in the way of results and more in the way of political chaos, social unrest and military disequilibrium.

B. Limiting Factors - Morale

There is every reason to believe that the morale of the European NAT nations has been improving and will continue to improve - although the extent of this improvement is entirely an open question.

The problem has been until recently one of breaking the impasse or deadlock - that of getting off of dead center. Some improvements have already been registered - for example, in relation to the once-serious

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threat which Communist movements posed to the very existence of the French and Italian Governments. In other equally important instances the surface has hardly been scratched - for example, in the inability of Western leaders to convey to their publics the notion that the defense efforts are both necessary and realistic in terms of their capabilities.

Insofar as morale rests upon the support rather than the acquiescence of the public, there is little hope for improvement within the next two years. Particularly on the continent, important classes - notably farm and industrial workers - continue to regard their regimes as being either hostile or uninterested in their welfare, and govern their attitudes and performances accordingly. Until these elements of society become convinced that there is something at stake for them which is worth both working for and defending, they cannot be called on seriously to make sacrifices on behalf of their respective regimes or for the common defense of the West. It seems probable that progress in solving this problem will be slow. Further reduction of Communist influence is to be expected and will be helpful but by no means of

decisive importance.

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C. The Elements of Unity and Cohesion

Greater progress toward unity and cohesion both on the continental and broader NAT levels is probable, though by no means assured. The success of these efforts will depend most immediately on the outcome of current negotiations on the Pleven and Schuman plans. While it appears probable that these schemes will be approved and put in operation, the tasks of reconciling often conflicting France - German interests remain substantial. It seems reasonably clear that while greater unity tends to produce greater confidence and ultimately greater strength, more importantly unity is itself the product of greater strength and confidence. In general, therefore, greater unity and cohesion will be achieved to the extent that the NATO bloc is able to register solid gains in its defense efforts.

It is to be expected that stresses and differences will continue to characterize the coalition, that these strains will exist between the continental members, between the continent and the UK and between these members and the US. There is little doubt that these differences will

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be serious and that they will involve questions of "principle" as well as procedure. Many of these differences will call for enlightened statesmanship in instances where the opportunities for such statesmanship are sharply circumscribed by the exigencies and vagarities of domestic politics, sometimes complicated by important economic weaknesses. All of the major NAT Governments - the UK, France and Italy - and the non-NAT government of Western Germany are highly vulnerable in the conduct of their "foreign relations to charges of subservience or diplomatic "sell-out". There is, unfortunately, little encouragement in this respect during the period under review. Even the common fear of the USSR is an unreliable guarantee of good conduct.

D. Broadening the Coalition

It now appears probable that with continued US prodding and reasonable good luck, Greece, Turkey and Western Germany will become NAT members and that in one way or another Spain and Yugoslavia will be more closely tied into Western defense strategy without actually joining the coalition. Sentiment in Europe for admission of Yugoslavia may become rather

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favorable as the present coalition becomes strengthened and the advantages of closer Yugoslav participation become more apparent.

There is every reason to believe that except for the US (and possibly Canada) the NAT members will continue during this period to be reluctant to broaden the coalition, primarily because of: (a) their fear that such action is either unnecessary or dangerously provocative to the USSR, or both; (b) their feeling that they are restricting their freedom of action and committing themselves to uncertain degrees; and (c) their instinctive preference for a restricted alliance composed of nations enjoying more or less common political and cultural institutions. This reluctance is likely to diminish gradually as these NAT countries gain greater confidence in themselves as individual entities, in their roles in the NAT coalition and in their relationships with the US.

The prompt admission of Western Germany to full status in NATO is of the greatest importance in political and economic terms as well as in military terms. While the aims of the MTDP will by no means be assured by Germany's participation in the NATO, it is fairly evident that this participation is essential to western defense.

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E. Developments which might Affect the US Position in Europe

In absolute terms, the NAT position in Europe will almost certainly improve in political, psychological, economic and military terms. At the same time, the military imbalance on the continent, the threat of adverse developments in the near and far eastern theaters having direct as well as indirect impacts on continental European defense, social strains, political weaknesses and economic stress will continue - although perhaps to a less serious degree than at present - to make achievement of US defense programs in Europe a highly uncertain proposition. They are and will continue during the next two years to be vulnerable to developments which cast serious doubt on: (a) / Their ability in association with the US to gain the strength necessary to make a Soviet attack improbable; (b) the chances of averting a general war with the USSR in advance of completion of the MTDP in mid-1954; and (c) the ability of the US to exert the wise and vigorous leadership on which the success of Western strategy must obviously rest.

These doubts during the next critical two-year period will make the

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successes, whether these occur in Europe or in Asia. They will make difficult a strategy of rapid and forceful counteraction on the part of all non-Communist nations. At the same time, ^(the NAT bloc) they will become increasingly less vulnerable to Soviet cold war propaganda so long as this propaganda is not convincingly accompanied with solid demonstrations of good intention.

II. THE ECONOMIC PROBLEM

[See memoranda of Information on "Implications of Recent Elections in France and Italy " and on "Current Issues Facing the NATO Council"]

The economics of rearmament in the UK and on the continent are so closely associated with the development of the US economy and with the US assistance programs as to make generalizations somewhat unreal. There now appears to be at least a partial appreciation of the need to ensure a sound economic base, even at the expense of reducing the MDTP goals. The ^(actual) danger ~~then~~ is not so much that the rearmament effort will be reduced - but rather that a degree of confusion will attend this process which in turn will result in an uneven scaling-down, often at

the expense of the more important rather than the less important programs.

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This stage has already or will shortly arrive in the important cases of France and the UK. It seems fairly evident that barring an early downward revision of the MTD, there is an urgent need for greater US economic and military assistance.

III. MILITARY ASPECTS

In an absolute sense, the defense capabilities of NAT forces on the continent are presently increasing and will continue to increase.

Given present /
~~Assuming the general attainment of~~ European force goals, the rate of this increase will depend chiefly on: (a) the priorities assigned by the US during the next few months in meeting the needs of its NAT allies for materials, machine^Rry and end-items; (b) the size and quality of US force allocations to continental European defense; and (c) the creation and buildup of combat-ready German units.

In relative terms, progress achieved in restoring a military balance on the continent is far from certain, hinging not only on the growth of Soviet and Satellite military strength, but also on further possible diversions of strength to contain Communist advances along the periphery of the Communist

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orbit. It would appear that by mid-1952 the relative military position of NAT forces will begin to improve and following this period the presently estimated capabilities of the USSR will ~~continue to~~ decline. The rate at which the military imbalance will be restored is entirely speculative and is in any case beyond our ability and competence to assess. It is, in theory at least, possible that achievement of MTDP goals may become somewhat academic in the sense in which they were conceived. In any case, barring early and substantial increases in US assistance they appear to be somewhat unlikely of attainment.